



## Employer-Sponsored Health Insurance (ESI)

### **BACKGROUND**

- The health care benefits provided through employer-based coverage are generally governed by the Employee Retirement Income Security Act (ERISA), which falls under the jurisdiction of the Education and Labor Committee.
- Employer-sponsored insurance (ESI) is the dominant form of health insurance for the non-elderly population in the U.S., providing robust and valued coverage to 151 million Americans. In 2020, 55 percent of small firms and 99 percent of large firms offered health benefits to their employees.
- Most Americans mistakenly believe they will be able to keep their private insurance under Medicare-for-All or a public option.

### **WORKERS PREFER ESI**

- A March 2021 survey showed that more than two-thirds of Americans who receive health insurance through their employer were satisfied with their coverage.
- When given the opportunity, 83 percent of employees choose to be on ESI.
- Health coverage is important for recruitment and retention, with 46 percent of Americans saying their health insurance is either the deciding factor or a positive influence in choosing their current job, and 56 percent of workers saying their health coverage is a key factor in deciding to stay at their current job.

### **ESI PROVIDES BETTER COVERAGE THAN OBAMACARE**

- The average actuarial value (the percentage of total costs for covered benefits that a plan will cover) of ESI plans is 85 percent compared to the 70 percent actuarial value of an Obamacare silver plan (the most common Obamacare plan).
- In 2020, the average deductible for individual coverage under an ESI plan was \$1,644, while an Obamacare silver plan's average annual deductible was \$4,630.
- Employer-sponsored plans can also include added benefits for workers and their families, like an employee assistance program or wellness program.

### **TAXPAYERS WIN WITH ESI**

- Employer-based coverage is the least expensive type of coverage for the taxpayer at just \$2,000 per recipient according to the nonpartisan Congressional Budget Office. The highest cost of coverage is Medicare at \$15,840, while Obamacare exchange plans cost \$6,630 per recipient.
- In 2016, employers provided \$4.45 of benefits for every \$1.00 of [tax expenditures](#), and in 2020 employers contributed \$15,754 on average for family coverage.

**BOTTOM LINE:** Employer-sponsored plans are more popular, provide better quality care and coverage, and are a better deal for taxpayers than government-run health care programs.